(b) The standard terms and conditions of the World Bank for IBRD loans are applicable to this loan. These include, *inter alia,* interest based on 6 months LIBOR plus a variable spread, and a repayment period of 20 years including a 5 year grace period.

(c) A multi state Hydrology Phase II project which includes the State of Andhra Pradesh was signed with the World Bank on 19th January, 2006 for IBRD assistance.

(d) This project will be effective within 90 days from the date of signing of the agreement.

Interest rates in Mutual Fund Industry

211. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) Whether it is a fact that Government and SEBI are concerned about high churn rates in the Mutual Funds Industry;

(b) if so, the details thereof; and

(c) what action Government are taking in this regard to control the churning of the rates of Mutual Funds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Churning in the mutual fund industry is not a cause for concern if it is effected in compliance with the laws and in the interest of investors. At SEBI's instance, the Association of Mutual Funds in India is assessing the level and impact of the current level of churning in the Mutual Fund Industry.

Inflation rate

†212. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has estimated the inflation rate to be between 5 to 5.5 per cent during the year 2005-06;

(b) if so, the details in this regard;

(c) whether it is also a fact that above rate is in excess of the budget estimates of Government;

† Original notice of the question was received in Hindi.

(d) if so, whether it is also a fact that the increase in the above rate is primarily due to the price rise of sugar, flour, pulses, vegetables, petro products, steel and iron; and

(e) if so, to what extent the prices of above said items have increased in the year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Taking into account the assessment of macro economic and monetary conditions and near term prospects, for the purpose of monetary management, the Reserve Bank of India in its Third Quarter Review of Annual Statement on Monetary Policy (January 24, 2006) indicated that inflation rate in 2005-06 may be placed in the range of 5.0-5.5 per cent. To project revenue and various parameters such as deficit-to-GDP ratio, the budget contains a projected GDP at current market prices. There is no separate budget estimate for inflation.

(d) and (e) Year on year change in prices of the select commodities based on Wholesale Price Index where as follows:

Table: Year-on-year changes in select commodity prices (As on January 28, 2006)

(per cent)

Sugar	3.8
Atta	8.7
Pulses	21.6
Vegetables	36.2
Iron and Steel	(-) 2.6
LPG	0.0
Kerosene	0.0
Petrol	14.6
Diesel	16.1

Penal action against banks in IPO SCAM

†213. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of FINANCE be pleased to state:

† Original notice of the question was received in Hindi.